12th District Congressman invites a Georgia cotton producer to testify before Congress about how Chinese currency manipulation and other unfair trade practices are hurting America's small businesses and agricultural producers

Washington, DC - Focusing Congressional attention on the negative effect of unfair Chinese trade practices and currency manipulation on our nation's small businesses and agricultural producers, 12th District Congressman John Barrow (D-GA) invited Georgia cotton producer Thomas Stallings of Funston to testify on the subject today before a joint subcommittee hearing of the Small Business Committee.

"The policies enacted by Congress, as well as by foreign governments, have a major impact on our farmers," Barrow said at today's hearing. "That's why I've asked a fellow Georgian to join us today to talk about how China's trade policies are affecting the cotton industry in Georgia and nationwide.

In today's global marketplace, it's vital that our family farmers compete on a level playing field - but right now, China is just not playing fair."

The joint hearing, entitled "*Does China Enact Barriers to Fair Trade?*" was held by the Small Business Subcommittee on Rural Enterprises, Agriculture, and Technology and the Subcommittee on Tax, Finance, and Exports.

It focused on unfair factors that influence U.S. - China trade relations, such as currency manipulation, intellectual property piracy, and a lack of compliance with labor standards and other regulations.

Barrow is the Ranking Member on the Small Business Subcommittee on Rural Enterprises, Agriculture, and Technology.

Stallings, owner of the Funston Gin Company and a representative of the National Cotton Council of America, provided a first-hand account of how the unfair international trade policies with China are hurting main street businesses, textile manufacturers, and agricultural producers across our county.

"There are few international trading relationships more complicated or dynamic than that of U.S. cotton and China," Stallings said in his testimony. "The U.S. cotton industry is exporting an ever-increasing amount of cotton fiber to China.

Yet, at the same time, our long-standing and best customer - the U.S. textile industry - continues to contract in the face of competition from textile imports.

China is the most competitive textile and apparel manufacturer in the world.

And, with the elimination of all quotas on January 1, China is rapidly becoming the dominant supplier of textile and apparel products in world trade."

Georgia plays an integral role in U.S. exports, exporting $16.3 billion in goods in 2003, with agriculture accounting for more than $963 million in sales abroad. As Georgia's top agricultural export, cotton plays a big role in these figures and is an industry with a unique relationship with China.

In 1998, China imposed strict quotas on cotton imports and imported only 359,000 bales of cotton from all countries. However, after becoming a member of the World Trade Organization (WTO), Chinese imports of cotton skyrocketed - totaling 8 million bales in 2004, of which 4 million bales were supplied by the U.S. It is now estimated that China will import a total of 15 million bales of cotton in 2005.

Meanwhile, Chinese exports of cotton products to the U.S. continue to increase dramatically, while U.S. mill consumption of cotton has declined from 11 million to about 6 million bales.

During the same period, US consumers have increased their purchases of cotton products at retail, but almost 90% of all purchases are imports. With its increasing rate of cotton production, cotton mill use, and cotton imports, China has rapidly become the dominant force in world cotton trade.

When China joined the WTO in 2001, they agreed to adhere to specific uniform trade standards intended to level the playing field in international trade. Most notably, China agreed to allow currency standards to be determined by the free market.

Instead, China continues to deliberately undervalue its currency, which makes Chinese exports to the U.S. cheaper, and U.S. exports to China more expensive.

This inequity is one of the leading causes of the United States' ballooning trade deficit. In 2004 alone, the U.S. ran a trade deficit of $162 billion with China - the U.S.'s largest trade deficit with any other country.

"As a small business operator, I know it's impossible to compete with another firm that enjoys a 30% cost advantage due to an undervalued currency," Stallings said. "I also know that U.S. textile firms are concerned about the piracy of their fabric designs and unauthorized use of their logos and brands, which they have spent millions of dollars developing.

If these unfair practice
s are allowed to continue much longer, U.S. manufacturers simply can't compete, provide jobs, and continue to serve as an economic engine for our country."

"We welcomed China to the WTO and we value them as a trading partner," Stallings concluded. "But China must be held accountable to the rules and commitments of WTO membership."

"In the global marketplace, we've got to stand up for American interests," Barrow said, urging swift Congressional action. "Standing by while small businesses, family farms, and American workers lose out is simply unacceptable."

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